

NEW YORK TIMES

SEPTEMBER 1, 1964

FOIA B3B

FOIA B3B

Patman Says C.I.A. Gave Money To a Foundation in 'Secret' Pact

Texas Declares Kaplan Fund Acted as Sub Rosa 'Conduit' for Intelligence Agency

By United Press International

WASHINGTON, Aug. 31 — Representative Wright Patman disclosed today that the Central Intelligence Agency had given money to a private foundation that, he said, had served as a "secret conduit" for the agency.

The Texas Democrat quoted an unidentified official of the agency as having said that the intelligence agency had had an "arrangement" with the J. M. Kaplan Fund of New York City from 1959 until some time this year.

The Internal Revenue Service, which is investigating the foundation's tax-exempt status, confirmed that the intelligence agency had given financial support to the Kaplan Fund. But a spokesman for the service said he knew of no working arrangement between the two groups.

Mr. Patman did not elaborate on his statement that the agency had used the fund as a "secret conduit." It is known, however, that the agency uses existing foundations, or occasionally creates its own, as vehicles for the gathering of intelligence.

The Congressman said he was



Wright Patman

Associated Press

disclosing the agency's payments to the fund because he thought he had been "trifled with" in connection with the case. The agency, following its tradition of strict secrecy, had no comment.

Mr. Patman's disclosure at a public hearing of his House Small Business subcommittee was the source of some concern and embarrassment to Internal Revenue officials attending as witnesses.

Apparently, the intelligence

agency's involvement with the Kaplan Fund was a secret shared by only a few persons in official Washington.

Mitchell Rogovin, assistant to the Commissioner of Internal Revenue, said that until Aug. 10, the date of the last Patman subcommittee hearing on the subject, he was the only present employee of the service who knew of the C.I.A.-Kaplan relationship.

Even the New York District office of the Revenue Service, which is conducting the Kaplan investigation, was not aware of the relationship, Mr. Rogovin said.

The Revenue Service has been examining the Kaplan Fund for several years to determine whether it should be permitted to retain its tax-exempt status. The fund has contributed money to a number of charitable and educational projects, particularly in the New York City area.

Mr. Patman's subcommittee has been reviewing the tax-exempt status of certain foundations to see whether some of them are taking advantage of it.

Mr. Rogovin told Mr. Patman today he had informed the intelligence agency of the Revenue Service's interest in the Kaplan Fund. But he denied there was any "arrangement" among the agency, the service and the fund.

If the agency official told Mr. Patman otherwise, said Mr. Rogovin, "it was a poor choice of words."

What seemed to bother Mr. Patman was whether the agency knew the Kaplan Fund was under the scrutiny of the Revenue Service.

He explained today that he had not planned to make public a matter touching on "foreign affairs" but indicated he had been irked by his difficulty in

getting all the information he wanted about the case.

He said he had asked his informant in the intelligence agency to tell him the months the agency had given money to the foundation, and which persons in the agency had selected the fund.

The agency did not provide the answers, Mr. Patman said. He then decided he went on that to break a confidence and make the issue public was the only way he could get meaningful information.

"I feel I have been trifled with," he said.

Mr. Rogovin and the acting commissioner of the Revenue Service, Bertrand M. Harding, agreed to discuss confidential aspects of the case privately with Mr. Patman.

Later in the day, Mr. Rogovin and Mr. Harding met privately with Mr. Patman and representatives of the intelligence agency. Afterwards, Mr. Patman said he was convinced that "no matter of interest to the subcommittee relating to the CIA existed."

Mr. Patman charged last Aug. 10 that Mr. Kaplan had used the foundation to further his business empire. He identified the financier as former president of the Welch Grape Juice Company and of Southwestern Sugar and Molasses Company.

Mr. Kaplan, he said, "is well known in the so-called 'take-over' business."

"He has waged a number of battles in this field," Mr. Patman continued. "In some of these contests, he has made use of charitable funds set up and dominated by him."

The Revenue Service does not discuss publicly any tax case it is investigating. But Mr. Patman asked the service today to supply the addresses and tax-exempt history of eight foundations he said had contributed

Continued

MORWCDF